


Financial Standard

Subject Cash		Number 1000
Prior Revision Date November 14, 2013	Current Revision Date April 16, 2014	 Alan L. Bott, Church Controller

1. PURPOSE

- 1.1. This financial standard provides guidance for safeguarding and managing the Church's cash. It outlines (1) selecting financial institutions, (2) opening and closing bank and imprest accounts, (3) cash management, (4) legal considerations, and (5) foreign currency exchange.

2. DEFINITIONS & ABBREVIATIONS

- 2.1. The Financial Standards Glossary can be accessed via this link.
<https://frdteams.ldschurch.org/frc/Documents/Financial%20Standards%20Glossary.pdf>
- 2.2. Abbreviations.
 ALC = Area legal counsel
 CPB = Corporation of the Presiding Bishop of The Church of Jesus Christ of Latter-day Saints
 LC = Local controller
 OGC = Office of General Counsel at Church Headquarters
 TS = Treasury Services

3. STANDARDS

*Person/Group
Responsible*

3.1. Selecting Financial Institutions

- 3.1.1. Church entities obtain authorization (via InfoGuide) from Treasury Services before using the services of any financial institution. *LC, TS, local treasurer*
- 3.1.2. The bank selected generally must:
 • meet a standard of credit worthiness that includes liquidity and solvency
 • be one of the top-tier financial institutions in the country
 • have a reputation consistent with Church values *TS, local treasurer*
- 3.1.3. If two or more banks are considered and they appear to be equal in credit worthiness, stature, and reputation; the bank with the SWIFT (Society for Worldwide Interbank Financial Telecommunications) membership is chosen over a bank without this membership.

3.2. Opening and Closing Bank and Imprest Accounts

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| 3.2.1. To establish a new bank account at an approved bank, the ALC and local treasurer (or local controller when there is no local treasurer) approve opening and closing bank accounts, including the persons designated as authorized signers. | <i>ALC, LC,
local
treasurer</i> |
| 3.2.2. The local controller and the Treasury Services director approve using bank credit facilities, including letters of credit and bank guarantees. | <i>TS, local
controller</i> |
| 3.2.3. Banking problems that cannot be resolved locally are reported promptly to the Treasury Services director or designee. | <i>TS</i> |
| 3.2.4. Concentration bank accounts are used for funds collection whenever possible. | |
| 3.2.5. A separate bank account may be established (for payroll and other purposes) if the local controller considers it necessary for internal control or other administrative purposes. | <i>Local
controller</i> |
| 3.2.6. Using a commercial card with cash transaction module (CTM) funds is intended to replace Church petty cash or working funds whenever prudent and when preferred payment methods are not possible. | |
| 3.2.7. Only the local controller can justify and approve establishing an imprest fund. There is a unique general ledger code for each fund. Personal funds are not to be comingled with imprest funds. | <i>Local
controller</i> |

3.3. Cash Management

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| 3.3.1. Treasury Services, with the support of local treasurers and controllers, is responsible for cash management worldwide. These responsibilities include cash management policy development, bank credit facilities use, establishing performance standards, receipting/disbursing activities oversight, and providing training to ensure sound funds management. | <i>TS, LC, local
treasurer</i> |
| 3.3.2. Church entity funding is provided on a just-in-time basis via the Global Funding System (GFS). Balances in local operating cash accounts are maintained at the minimum amount needed to cover current transactions, which maximizes the Church's investment return. Daily bank balances of non-interest bearing or low-interest bearing accounts are maintained as close to zero as possible. Treasury Services must approve investing excess funds. (See Financial Standard 25XX Interledger and Interdepartmental Transfers.) | <i>TS</i> |
| 3.3.3. Funds are collected, receipted, deposited, and recorded promptly. | |
| 3.3.4. To ensure safekeeping, bank and other financial institution accounts, (including CTM card balances) and imprest funds (including petty cash and | <i>Local
controllers</i> |

working funds) are to be reconciled timely. Imprest funds are the personal responsibility of the individual to whom they are assigned.

- 3.3.5. Adequate segregation of duties exists in cash-related functions of collections, custody, disbursements, accounting, and reconciliations. Two people should be involved when handling cash and disbursing funds. Exceptions should be approved by the Church controller and the director of treasury services. *TS*
- 3.3.6. Payments to suppliers and employees are made on the date due (not earlier or later than the due date, taking into account favorable early payment discounts, etc.). *Local controllers*
- 3.3.7. Cash is not to be used for transactions with the intent to bypass or circumvent the prescribed purchasing approval process or to make purchases without authorization. *Local controllers*

3.4. Legal Considerations

- 3.4.1. Church entities should not incur and pay for obligations on behalf of other Church entities.
- 3.4.2. A Church entity incurring an obligation for goods or services from a vendor in the entity's country of operation negotiates and pays in the currency of that country to a bank account in the same country. Payments to vendors in a different country from the Church entity's country of operation can be in a currency customarily used by other businesses for similar transactions, including the local currency of the Church entity, local currency of the vendor, or other currencies commonly accepted in international trade where the purchase is being made.
- 3.4.3. Individuals negotiating and paying cross-border transactions on behalf of Church entities ensure that the obligation and payment comply with (1) any local currency controls and restrictions, and (2) local taxation requirements. Those individuals obtain approval from the Church entity's controller and ALC to ensure that the transaction is properly structured. *Local controller, area legal counsel*
- 3.4.4. When circumstances warrant using a third-party Church affiliate to obtain goods or services, including an obligation negotiated in a currency other than the Church entity's local currency, the CPB is the preferred entity to pay for the obligation from its bank account in the United States. *TS*
- 3.4.5. Any exceptions to 3.4.1 – 3.4.4 require approval of the Church entity's controller, ALC, Church controller, and OGC before finalizing purchase payment terms. *LC, ALC, OGC, Church controller*

3.5. Foreign Currency Exchange

3.5.1. Treasury Services negotiates and completes all foreign currency exchange transactions. Exchanges are performed only through legally recognized and approved exchange agencies. Exchanges are conducted with strict adherence to the Church's legal, ethical, and conflict-of-interest standards.

TS

3.5.1.1. In certain circumstances, area offices may be given authority to execute foreign currency exchange transactions. The area office prepares and submits its request to the Church controller and Treasury Services for approval. Justification must be evidenced by clear and measurable benefits due to enhanced delivery of foreign currency or banking relations, government or legal restrictions, or a significant foreign exchange rate advantage.

*Local
controller,
TS, Church
controller*

3.5.2. Church employees, members, and others are prohibited from using Church entities, financial personnel, or bank accounts for personal financial transactions (e.g., cash checks, pay personal bills, exchange currency). It is inappropriate to ask personnel at any area office to pay travel expenses or other bills and charge the cost to a general ledger account of a different area office.

4. REFERENCES

(none)

5. EXHIBITS

(none)